PEDRO E. SEGARRA
MAYOR

Testimony by Mayor Pedro E. Segarra
City of Hartford
Senate Bills 843
An Act Concerning Revenue Items to Implement the Governor's Budget
March 4, 2013 at 10:30AM in Hearing Room 2E

Co-Chairs Fonfara and Wildlitz, Vice-Chairs LeBeau and Lamar, Ranking Members Frantz and Williams, and distinguished members of the Finance Committee:

Thank you for the opportunity to submit written testimony on Senate Bill 843. Many municipal leaders have harshly criticized many of the Governor's proposals; I have chosen not to because I recognize that there is a legislative process – this process – that will likely result in significant changes and modifications. My purpose today is simply to itemize the potential impacts on the Capital City, proffer an amendment to the motor vehicle tax elimination proposal (which I recognize will not be discussed directly today, but is a critical revenue driver for cities and towns) and implore you all to work quickly so that the municipalities that you represent can better adjust for potential changes in revenues and present the most accurate projects possible.

The City of Hartford receives approximately half of its revenues from the State of Connecticut, primarily in ECS (about $192 million). Of the remaining $50 million, $25 million is derived from PILOT for colleges and hospitals, which will be reduced by about $800,000 in the Governor's Proposed Budget, and $13.5 million from PILOT for State Owned Property. For perspective, the entire budget for our Department of Public Works, so one could visualize the impact of this one program by saying that it would require us to eliminate all public works-related responsibilities from our municipal budget. The other major operating impact is the $6.6 million dollars that we would lose from the elimination of the Pequot-Mohegan grant. Losing these dollars is the equivalent to about 2/3 of the Hartford Public Library's budget.

Hartford has the distinction of being the seat of state government. It is an honor that we treasure and prize, however, it is not without its complications. At present the City of Hartford is approximately 52% tax exempt. Not all of that is a result of state-owned property and buildings, but a significant portion of it is. While we look forward to future consolidations of state operations in the Capital City – doing so will add vibrancy and excitement and further cement our position of being the regional jobs hub – doing so simultaneously with the elimination of PILOT for State-Owned Property forces us to shoulder a very difficult burden, especially when there has been no explanation as to how additional ECS dollars can be allocated. It is the City of Hartford's position that PILOT not be eliminated and that the reallocation of funds to the ECS appropriation should not occur.

On the motor vehicle tax, we applaud the Governor's efforts to eliminate what is a regressive and unnecessarily punitive tax – especially when there is no equity in the system. As proposed, however, it would result in a between $17-18.7 million dollar revenue loss for the City of Hartford. If the legislature is serious about eliminating this tax, I would suggest a five-year tiered elimination based on vehicle valuation. This would provide significant tax relief for those who need it most and allow municipal leaders to better structure their budget planning efforts. The impacts of a 5-year phase-out in the City of Hartford are depicted in the chart at left.

Phase Out Year	*Vehicles Exempt*	*Annual Tax Loss*	*Cumulative Impact*
FYE 2014	< $5,000 Value	$3 million	$3 million
FYE 2015	< $10,000 Value	$4.5 million	$7.5 million
FYE 2016	< $15,000 Value	$4 million	$11.5 million
FYE 2017	< $20,000 Value	$2.9 million	$14.4 million
FYE 2018	All VEHICLES	$6.7 million	$21.1 million

Thank you again for the opportunity to present testimony on these important issues. The challenge before you is not an easy one, but I ask each of you to consult with your local elected officials often throughout this discussion because it is they – along with local taxpayers and business owners – who will be most adversely impacted if intergovernmental revenues are severely cut or permissible expenditures so severely restricted that the resulting outcomes are the same or similar.

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